

Message Text

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PAGE 01 STATE 159254

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QUOTE

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FOR AMBASSADOR MOYNIHAN

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJ: INDIAN MONSOON AND FOOD SITUATION

REF: STATE 157179

BEGIN SUMMARY: IT IS STILL TOO EARLY TO COME UP WITH ANY FIRM ESTIMATE ON INDIA'S LIKELY KHARIF FOODGRAIN CROP OR NEED FOR FOREIGN SUPPLIES. THE FOLLOWING IS OUR BEST ASSESSMENT OF THE CURRENT SITUATION BUT WEATHER REMAINS CRUCIAL. END SUMMARY.

1. TO DATE, MONSOON'S PERFORMANCE CONTINUES TO BE BELOW NORMAL IN MANY AREAS. AFTER BEGINNING ON SCHEDULE, MONSOON WAS TARDY IN SPREADING OVER COUNTRY. ARRIVAL IN SOME STATES WAS DELAYED
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PAGE 02 STATE 159254

BY AS MUCH AS TWO WEEKS OR MORE. AMOUNT OF RAINFALL HAS SO FAR

BEEN BELOW NORMAL IN MAJORITY OF STATES. ROUGHLY THREE-QUARTERS OF MAJOR GRAIN-PRODUCING AREAS HAVE RECEIVED LESS THAN NORMAL RAINFALL.

2. MONSOON PERFORMANCE FOR BALANCE OF SEASON (JUNE 1-SEPT. 30) WILL BE OF CRITICAL IMPORTANCE. KEY FACTORS WILL BE GENERAL DISTRIBUTION, SUFFICIENCY AND DURATION OF MONSOON. EARLY WITHDRAWAL OF MONSOON IN SEPTEMBER WILL ADVERSELY AFFECT YIELD SINCE THIS IS TIME IN MANY AREAS WHEN FORMATION OF GRAIN IS TAKING PLACE. TIME OF WITHDRAWAL OF MONSOON WILL BE EVEN MORE IMPORTANT THIS YEAR DUE TO ITS GENERALLY DELAYED ARRIVAL.

3. MONSOON'S TARDY ARRIVAL AND BELOW-NORMAL PRECIPITATION IN MANY AREAS HAS: (A) DELAYED PLANTINGS, INCLUDING THE TRANSPLANTING OF RICE; AND (B) SLOWED THE DEVELOPMENT OF THOSE FOODGRAIN CROPS ALREADY PLANTED. THIS WILL RESULT IN LOWER YIELDS, UNLESS THE MONSOON IS GOOD FOR THE BALANCE OF THE SEASON.

4. ON THE PLUS SIDE, WE EXPECT THAT THE AREA UNDER HIGH-YIELDING GRAIN VARIETIES TO BE UP SOMEWHAT. IN ADDITION, FERTILIZER AVAILABILITY MAY BE 10-15 PERCENT ABOVE LAST YEAR'S LEVELS. ASSUMING AT LEAST AN AVERAGE MONSOON FOR THE BALANCE OF THE SEASON, WE TENTATIVELY ESTIMATE THAT THIS YEAR'S KHARIF FOODGRAIN CROP (FALL/WINTER-HARVESTED) MAY BE IN THE RANGE OF 63-66 MILLION TONS. THIS COMPARES WITH THE PREVIOUS HIGH OF 68.9 MILLION TONS IN 1970-71 AND LAST YEAR'S ESTIMATED CROP OF ROUGHLY 66 MILLION TONS.

5. FOODGRAIN PRICES ARE RISING AND EXPECTED TO CONTINUE TO DO SO AS WE PROGRESS INTO THE NORMALLY LEAN SUMMER PERIOD. A CONTINUED SUB-PAR MONSOON WILL AGGRAVATE THIS SITUATION. GOVERNMENT STOCKS OF FOODGRAINS ARE CURRENTLY BELIEVED TO BE SOMEWHAT LESS THAN LAST YEAR.

6. AT THIS STAGE, ALL ESTIMATES OF INDIA'S FOODGRAIN IMPORT REQUIREMENTS FOR U.S. FY 1974-75 MUST NECESSARILY BE HIGHLY TENTATIVE. WHILE THE GOI PUBLICLY CONTINUES TO CLAIM THAT ADEQUATE FOOD SUPPLIES ARE AVAILABLE IN THE COUNTRY, THEY ARE CONTINUING QUIETLY TO PURCHASE FOODGRAINS ABROAD. GIVEN THE SITUATION TO DATE, WE ESTIMATE THAT INDIA WILL IMPORT A MINIMUM OF FOUR MILLION TONS AND POSSIBLY 6 TO 7 MILLION TONS, DEPENDING ON LIMITED OFFICIAL USE

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PAGE 03 STATE 159254

FUTURE CONDITIONS.

7. TO OUR KNOWLEDGE, FOODGRAIN IMPORTS THAT HAVE ALREADY BEEN CONTRACTED FOR TO ARRIVE THIS FISCAL YEAR INCLUDE APPROXIMATELY 1.2 MILLION TONS OF RECENTLY BOUGHT US WHEAT AND A QUANTITY OF RECENTLY BOUGHT ARGENTINE GRAIN SORGHUM. IN ADDITION, THE REMAINING QUANTITY OF LAST YEAR'S RUSSIAN LOAN AGREEMENT (BELIEVED TO BE ABOUT 100,000 TONS) IS EXPECTED TO ARRIVE EARLY THIS SUMMER.

8. PRESUMED FUTURE IMPORTS INCLUDE: (A) 40,000 TONS OF GRANT WHEAT OFFERED BY AUSTRALIA (20,000 TONS FOR SEPTEMBER DELIVERY); (B) 140,000 TONS OF WHEAT UNDER GRANT TERMS FROM CANADA. WE HAVE HEARD OF RUMOR CIRCULATING AMONG GRAIN TRADE IN US THAT RUSSIA HAS AGREED TO PROVIDE ADDITIONAL ONE TO TWO MILLION TONS OF WHEAT DURING THE COMING MONTHS. INFORMED SOURCES HERE REPORT INDIA HAS APPROACHED RUSSIA FOR WHEAT BUT WAS TOLD SHE MUST WAIT UNTIL SIZE OF SOVIET CROP BECOMES CLEARLY APPARENT. WE WILL TRY TO FIND OUT MORE ON THIS MATTER.
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